

# California Transparency in Supply Chains Act

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Updated January 20, 2016

GE is committed to ensuring that our supply chain reflects our values and respect for human rights.

To fulfill this commitment, GE's *Spirit & Letter* policy states: "GE's relationships with suppliers are based on lawful, efficient and fair practices. We expect our suppliers to obey the laws that require them to treat workers fairly, provide a safe and healthy work environment, and protect environmental quality." GE's Supplier Expectations govern all facets of the Company's relationships with suppliers, and include specific prohibitions against forced, prison or indentured labor as well as against subjecting workers to any form of compulsion, coercion or human trafficking. GE's Supplier Expectations apply to all GE consolidated GE affiliates. Implementation for new acquisitions is phased in within three years.

To that end, GE:

#### **Verifies our product supply chain to evaluate and address risks of human trafficking and slavery**

GE's Ethical Supply Chain program is multifaceted and risk-based. All suppliers must agree to comply with GE's Supplier Expectations as part of our contracting process, including specific prohibitions against forced, prison or indentured labor as well as against subjecting workers to any form of compulsion, coercion or human trafficking, and the expectation is that they will hold their own suppliers to similar standards.

Suppliers are prioritized for detailed pre-engagement and subsequent periodic on-site assessments according to relevant country risks, supplier past performance and other factors, such as whether in the course of GE's relationship with a supplier or otherwise, GE has become aware of any reason to believe that the supplier is not living up to our expectations. Almost all of our on-site assessments are conducted in developing countries, as part of our overall supplier-management strategy, but we maintain an "eyes always open" policy to be alert to potential violations of our standards in interactions with our suppliers.

#### **Conducts audits to evaluate supplier compliance with Company prohibitions against human trafficking and slavery in our supply chain**

When on-site audits are required by our Supplier Responsibility program, they are conducted by GE personnel using a global questionnaire and risk-weighted metrics. GE uses a combination of specially trained internal auditors, sourcing personnel and third-party firms specially instructed in GE standards to perform verification and auditing procedures. Audits are repeated on a one- to three-year basis, depending on factors that include performance on past audits. Audits are supplemented by periodic spot-checks and anonymous desk-side reviews of GE audit records by inspectors from other business units or from our corporate EHS team. While audits are not unannounced, they are supplemented by "eyes always open" reviews when suppliers' facilities are visited by GE sourcing personnel.

#### **Requires suppliers to certify that their products comply with local laws and regulations regarding slavery and human trafficking**

Before GE enters into contracts with suppliers, they must agree in writing to comply with all relevant local laws and regulations, GE policies and the specific requirements of the GE Supplier Expectations, include specific prohibitions against forced, prison or indentured labor as well as against subjecting workers to any form of compulsion, coercion or human trafficking.

#### **Maintains detailed accountability standards and procedures for suppliers that fail to meet Company standards regarding slavery and trafficking**

GE records all audit findings from on-site inspections in an automated audit tracking tool and monitors each until the audit finding is closed pursuant to evidence that the defect has been corrected. Typically, findings must be closed within 60 days. Purchase orders are suspended if findings remain open beyond this time frame unless GE agrees that a closure requires more time, interim progress has been demonstrated and/or the delay has been approved by the business compliance team that administers the Supplier Responsibility program. Labor-related findings, such as the presence of child labor or coerced labor, ordinarily result in immediate cessation of business relationships.

#### **Trains relevant employees in procedures to prevent human trafficking and slavery**

GE has specially trained more than 700 GE team members to execute the audits that support GE's Supplier Responsibility initiative. More than 3,500 GE employees who interact with suppliers have undergone GE's training in Supplier Expectations, human rights issues and on-site due-diligence requirements.